



**House Committee on Energy and Commerce
Subcommittee on Health**

The Future of the Children's Health Insurance Program

**Written Statement for the Record
Families USA
Ron Pollack, Executive Director**

December 3, 2014

Dear Chairman Pitts and Ranking Member Pallone,

On behalf of Families USA, an organization dedicated to high quality, comprehensive, affordable health care for all Americans, thank you for the opportunity to submit this written statement for the record for your hearing entitled, "*The Future of the Children's Health Insurance Program*."

As you know, the Children's Health Insurance Program (CHIP) is authorized through 2019, although federal funding for the program is currently due to expire in September 2015. Over the course of a year, CHIP, a popular state-federal partnership program, provides affordable, comprehensive, high-quality health coverage for 8 million low- to moderate-income children. In Pennsylvania and New Jersey more than 250,000 and 200,000 children are enrolled, respectively. CHIP is an economic lifeline that delivers peace of mind for millions of working families. In order to continuing providing quality health coverage to the children who rely on CHIP, I urge you to extend the program for four years—through fiscal year 2019, the duration of the program's current authorization.

Without renewed funding for CHIP, the GAO estimates that almost 2 million kids may lose the health coverage they have today.¹ This is because the so-called *family glitch* prevents children and their families from receiving premium tax credits (financial assistance to help pay for health care) for marketplace health plans when a parent has an employer offer of coverage that is considered affordable for the parent, even when that coverage is not affordable for the whole family. Without CHIP, it is very likely that many children would become uninsured.

CHIP premiums and cost-sharing amounts are affordable and CHIP's benefits were designed specifically for children. CHIP limits the amount families have to pay out-of-pocket (i.e. deductibles, co-pays) for health care costs to a maximum of five percent of family income. Because CHIP is a state-federal partnership program which offers states flexibility in operating their programs, many states have even lower limits to ensure that low-income families can afford

¹ GAO Report, "Children's Health Insurance: Opportunities Exist for Improved Access to Affordable Insurance" June 2012, <http://www.gao.gov/assets/600/591797.pdf>

the care their children need. Recent research done by Wakely Consulting Group found that families may pay significantly more, on average, for children's health insurance in a private marketplace plan than they do in CHIP.² This same study found that CHIP's benefits (i.e. dental, vision, hearing) are more age appropriate than what is offered in the health insurance marketplaces.³ That is because CHIP was designed to address the specific health care needs of children. While the health insurance marketplaces offer good health coverage, for many low- to moderate-income families, CHIP remains the most affordable and comprehensive option.

In 1997, both Democrats and Republicans came together to create CHIP. The program will need continued bipartisan support to exist past 2015. State governors and legislators are already developing their budgets for fiscal year 2016. In order for states to continue operating their programs, Congress must act soon so that states are not forced to plan for a CHIP funding shortfall, which could mean drastic cuts through enrollment caps or reductions in benefits or eligibility.

Recent data show that families continue to turn to CHIP to meet the health needs of their children. Research by Pew Charitable Trusts found that CHIP's total enrollment grew by 32 percent from 2005 to 2012⁴. Thanks in part to CHIP, 93 percent of children have health insurance today. At a time when children's health coverage rates have hit record highs, it would be irresponsible and counterproductive for Congress to end funding for a program that has significantly decreased the uninsurance rate among children. We urge you to act quickly and support a clean, 4-year extension of funding for the Children's Health Insurance Program (CHIP).

Thank you for the opportunity to submit this statement into the hearing record.

Sincerely,



Ronald F. Pollack
Executive Director

² Wakely Consulting Group, "Comparison of Benefits and Cost Sharing in Children's Health Insurance Programs to Qualified Health Plans" July 2014, <http://www.wakely.com/wp-content/uploads/2014/07/FINAL-CHIP-vs-QHP-Cost-Sharing-and-Benefits-Comparison-First-Focus-July-2014-.pdf>

³ Ibid.

⁴ Pew Charitable Trusts, "The Children's Health Insurance Program: A 50-State Examination of CHIP Spending and Enrollment" October 2014, http://www.pewtrusts.org/~media/Assets/2014/10/Childrens_Health_Insurance_Program_Report.pdf